



AMARGOSA CONSERVANCY

Post Office Box 63
Shoshone, CA 94306-0063
760 852-4339 (fax 760 852-4139)
info@amargosaconservancy.org

June 7, 2011

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, California 94236

Attention: Mr. Trevor Joseph

Subject: Comments on Round 1 Proposition 84 Implementation Grant Draft
 Funding Recommendations

Dear Mr. Joseph:

The "Safe Drinking Water and Fire Water Supply Feasibility Study for Tecopa, California" ("Tecopa Project") was one of 15 vital projects included in the Inyo-Mono IRWMP Round 1 Project Implementation Application submitted by Central Sierra Resource Conservation and Development, Inc. In its recent draft recommendations for Round 1 Proposition 84 grant funding, DWR has recommended that no funds be awarded for Inyo-Mono IRWMP projects. This letter presents important reasons why DWR should reconsider its evaluation of the Inyo-Mono IRWMP projects and award funds to the region, including, at a minimum, an award of the requested funds for the Tecopa Project.

The Amargosa Conservancy, a small non-profit organization, is the proponent of the Tecopa Project. Tecopa and Tecopa Hot Springs are small, rural disadvantaged communities in southern Inyo County with a median income slightly in excess of \$12,000. The grant application seeks funding to conduct a feasibility study to determine whether safe drinking water and fire-flow water storage facilities can be provided for these communities. The economic and other circumstances faced by these communities have prevented them from being able to develop and submit an eligible construction project that would address the critical water supply and water quality problems. The requested feasibility study funds would underwrite the first step in obtaining a badly needed, safe drinking water and fire water supply. The Tecopa Project, submitted on behalf of these disadvantaged communities, is a classic example of the type of application that is entitled to a "program preference."

Public Resources Code §75026.(b)(6) specifically establishes a program preference for proposals that address critical water supply or water quality needs for disadvantaged communities ("DACs") in their regions and provides that proposals for such projects will result in additional

points for an applicant in the application ranking process. The Inyo-Mono IRWMP region includes many DACs (including Tecopa and the entire 18,000 square-mile County of Inyo) and several of the 15 projects included in the Inyo-Mono IRWMP application benefit DACs. Despite the preference in the state law to assist DACs, under DWR's recommendations, no DAC projects (or other projects) in the geographically large Inyo-Mono IRWMP region would be benefited.

Unlike most of the other (more urban and wealthier) regions in California, the DACs in the Inyo-Mono IRWMP region were unable to retain the services of professional consultants to prepare project applications and to assist the DACs in complying with the complicated and complex application requirements. Because of limited financial resources, rather than receiving a "program preference," this region was disadvantaged in the application process.

DWR's evaluation apparently disregarded the following invitation to submit feasibility studies which is set forth on page 61 of DWR's "Proposal Solicitation Package:"

[B]ecause of...the fact DACs may not have a developed project to put forward, the types of eligible projects to address critical water supply or water quality needs is expanded to include feasibility studies that may lead to a construction project to address DAC needs, engineering designs and specifications, needs assessments where a critical water supply or quality issue is perceived but specific needs have not been determined."

Despite the fact that DACs were allowed and encouraged to submit applications for feasibility study projects, it appears from DWR's evaluation that feasibility studies were inappropriately downgraded as a result of DWR using the same standards for feasibility studies as were used to evaluate construction projects. Moreover, DWR's evaluation criteria did not contain provisions that awarded additional points to DAC projects.

A clear example of the difficulties faced by DACs in the Inyo-Mono IRWMP region is found in the portion of the Inyo-Mono IRWMP proposal evaluation that pertains to the Tecopa Project. As shown below, the merits of feasibility study projects such as the Tecopa Project were not properly evaluated—and many of the points raised in DWR's evaluation are simply inaccurate or unfair given the nature of the proposed project.

Evaluation: On page 1 and 2 of DWR's evaluation under the "Work Plan" heading, it is asserted that the project description in the Tecopa Project application is lacking in detail.

Comment: On page 4 of the project work plan (Attachment 3 to the application) the following details of the proposed feasibility study are presented.

Tasks to be Performed by Consultant

The consultant will: (1) consult with the local fire district, representatives of the two communities and representatives of the County of Inyo to determine their needs and their thoughts, (2) sample and analyze the groundwater in the two communities to identify the level of water treatment that will be necessary to provide potable water to the two communities, (3) evaluate the flow of groundwater required to provide potable water and

to provide water for the fire water storage tanks, (4) determine whether existing groundwater wells can be used to supply the necessary water and, if not, identify an additional source or sources of groundwater, (5) identify the locations for the potable water supply stations and fire water storage tanks, (6) provide conceptual design and conceptual design drawing for the potable water supply stations and/or fire water storage tanks, (7) provide estimates of the costs for providing the potable water supply stations and fire storage tanks, (8) provide a estimate of the ongoing operation and maintenance costs of the facilities, (9) provide a description of the level of CEQA compliance for constructing the facilities and a description of the permits (including any easements, rights of way, etc.) that will be required to construct the facilities, (10) if it is determined that it is not feasible to provide potable water supply stations and/or fire storage tanks, provide an explanation of why it is not feasible to provide such facilities, and (11) submit monthly progress reports and a final feasibility study report to the Amargosa Conservancy.

Tasks to be Performed by Amargosa Conservancy

The Amargosa Conservancy: (1) will prepare a request for proposals for the feasibility study, (2) may conduct a pre-award meeting with potential consultants, (3) review proposals received and award contract to the best qualified proposal, (4) monitor and oversee the work performed by the consultant, (6) facilitate meetings between the consultant and the local fire district and with residents of the communities, and (6) submit quarterly reports to the IRWMP group (and directly to DWR if requested) and a final report on the feasibility study.

Evaluation: On page 2 of DWR’s evaluation under the “Work Plan” heading, it is asserted that Tecopa Project application lacks a commitment to provide progress reports.

Comment: On page 4 of the work plan (Attachment 3 to the application), the following commitment to provide progress reports is presented.

Tasks to be Performed by Amargosa Conservancy

The Amargosa Conservancy: (1) will prepare a request for proposals for the feasibility study, (2) may conduct a pre-award meeting with potential consultants, (3) review proposals received and award contract to the best qualified proposal, (4) monitor and oversee the work performed by the consultant, (6) facilitate meetings between the consultant and the local fire district and with residents of the communities, and (6) submit quarterly reports to the IRWMP group (and directly to DWR if requested) and a final report on the feasibility study. (Underlining added for emphasis.)

Moreover, as presented below, items (3) and (4) under the heading "Output Indicators" on Attachment 6 “Monitoring, Assessment and Performance Measures,” clearly state that progress reports will be provided.

(3) Submission of monthly progress reports indicating that the consultant is timely completing the feasibility study,

(4) Submission of quarterly progress reports by the Amargosa Conservancy to the Inyo-Mono IRWMP Group (and to DWR, if requested),

Evaluation: On page 2 of DWR's evaluation under the "Budget" heading, it is asserted that Tecopa Project application does not provide "task budgets" reflecting the work items in the work plan.

Comment: The project budget (Attachment 4) clearly shows the costs of the tasks of having a consultant perform the feasibility study and the costs to be incurred by the AC in the task of administering the consulting contract. Because the project is only a feasibility study (as opposed to a construction project), it is impossible to show costs for the following budget categories requested by DWR: (1) land purchases or easements, (2) planning, design, engineering, and environmental documentation (3) environmental compliance, mitigation, and enhancement, (4) construction administration and (5) construction implementation and contingencies.

Evaluation: On page 2 of DWR's evaluation under the "Monitoring, Assessment and Performance Measures" heading, it is asserted that Tecopa Project application does not provide "targets."

Comment: It is true that Attachment 6 "Monitoring, Assessment and Performance Measures" does not specifically contain a heading called "targets." However, unlike a construction project which has many "targets" or milestones, a feasibility study has only a single target which is to conduct and complete the feasibility study. Attachment 6 clearly incorporates that single target in when it states under "Desired Outcomes" that:

"The desired outcome of the project is the completion of a feasibility study to determine whether potable drinking water stations and fire water storage can be provided to serve the disadvantaged communities of Tecopa and Tecopa Hot Springs."

Also, under "Outcome Indicators," Attachment 6 states:

"The timely completion of an adequate final feasibility study report will be the primary outcome indicator."

Additionally, on page 4 of the project work plan (Attachment 3 to the application) the following "targets" or steps that will be taken by the Amargosa Conservancy to complete the feasibility study are presented:

Tasks to be Performed by Amargosa Conservancy

The Amargosa Conservancy: (1) will prepare a request for proposals for the feasibility study, (2) may conduct a pre-award meeting with potential consultants, (3) review proposals received and award contract to the best qualified proposal, (4) monitor and oversee the work performed by the consultant, (6) facilitate meetings between the

consultant and the local fire district and with residents of the communities, and (6) submit quarterly reports to the IRWMP group (and directly to DWR if requested) and a final report on the feasibility study.

Evaluation: On page 2 of DWR's evaluation under the "Economic Analysis – Water Supply Costs and Benefits" heading, it is asserted that Tecopa Project application does not provide a narrative of "monetized benefits."

Comment: It is true that the Tecopa project application does not have a narrative of the monetized benefits of the project. As explained in Attachment 7 "Economic Analysis-Water Supply Costs and Benefits," it was not possible to provide such a narrative because the project is a feasibility study--not a construction project. Attachment 7 states in pertinent part:

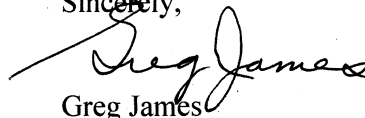
The proposed project is a feasibility study--not a construction project; however, for the purposes of illustrating some of the benefits-- if a construction project based upon the feasibility study is implemented, Tables 11, 12, 15 and 20 are included. These tables estimate the benefits of providing a potable drinking water supply and water for fire storage for the years 2012 through 2042 (assuming that the facilities will have a 30 year life). Of course, until the feasibility study is completed, it is not possible to accurately estimate the capital costs of constructing the facilities, nor do the tables include annual operation and maintenance costs of the facilities, nor the value of improved public health from the provision of drinking water that meets public health standards, nor the value of structures and the environment saved because of better fire protection; therefore, these benefits are not included in the estimates in the tables.

As is shown above, it appears that feasibility study applications submitted by DACs were unfairly held to the same evaluation standards as were used to evaluate construction project applications. As a result, it appears that the draft scores given by DWR to the Inyo-Mono IRWMP Round 1 Project Implementation Application were downgraded and the region's Application did not receive additional points for such projects as required by state law.

In light of the foregoing, and for the reasons stated in the comments submitted by the Inyo-Mono IRWMP group and by others from the region, the Amargosa Conservancy urges DWR to reevaluate the Inyo-Mono IRWMP Round 1 Project Implementation Application and, at least, award partial funding to the projects (including the Tecopa Project) submitted by this large, rural region of California comprised on many economically disadvantaged communities.

Thank you for your consideration of these comments.

Sincerely,



Greg James

President, Amargosa Conservancy